(d) whether the deficit has increased rather than reduced; and

(e) if so, the main reasons therefor and the steps the Government propose to take to achieve the aim of deficit financing ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (e) Government resorts to additional borrowing for meeting the gap between the total expenditure and its non-debt receipts. This component represents the fiscal deficit. The fiscal deficit for 1996-97 (BE) has been kept at Rs. 62266 crore which works out to 5% of GDP. The F.M. in his budget speech for 1996-97 had indicated that he hoped to do better in the next budget and move along the path of reducing the fiscal deficit to below 4% ever a period of time.

The variations, if any in the current financial year will be indicated in the forthcoming budget.

RBI Guidelines for Stopping Securities Scam

92. SHRI B.L. SHANKAR : Will the Minister of FINANCE be pleased to state :

(a) the details of the guidelines/instructions issued by the RBI/Union Government to all scheduled and nationalised banks to prevent the recurrence of the securities scam type cases during the last three years;

(b) the number of cases of bank scams took place involving more than Rs. 10 lakhs and above after the issuance of the above guidelines during the last three years ending on 31 March, 1996, year-wise;

(c) the amount involved in these cases; and

(d) the action taken against the guilty persons in this regard ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) For prevention of frauds and irregularities in public sector banks, steps have been taken for strengthening the internal control and audit systems. Board level Management Committees and Audit Committees have been set up. Public sector banks have also been advised by the RBI to appoint concurrent auditors at their large and extra large branches with a view to detect non-adherence to laid-down procedures and prevent irregularities and frauds, if any, without loss of time. All public sector banks have vigilance machinery which is responsible for preventive and detective steps so as to prevent frauds.

RBI constantly reviews the working of internal inspection and vigilance machinery of banks. RBI has also issued comprehensive guidelines for strengthening the control mechanism in banks. It also carries out a review of fraud cases on a continual basis advising the banks of *modus-operandi* in ingenious cases along with required safeguards to prevent their recurrence, proper training of operational personnel and investigations and scrutiny into reported cases of major frauds. RBI also conducts snap inspections of systems and procedures and control arrangements in fraud prone areas. In addition to on-site inspections which are conducted at prescribed intervals, RBI have put in place the mechanism of off-site monitoring system to enable improved supervision. In order to exercise integrated supervision over the financial system, the Board for Financial Supervision (BFS) with its Advisory Council was constituted in 1994.

(b) to (d) The information readily available relating to total number of frauds detected in public sector banks, amount involved and action taken against the delinquent employees for frauds during 1993, 1994 1995 & 1996 (upto March) is given below :

	1993	1994	1995	1996 (upto March
1. No. of frauds	2213	2266	1890	454
2. Amount involved (Rs. in crores)	320.32	200.08 + Uganda Sh. 9844000	115.51	23.73
3. No. of employees convicted	57	50	33	05
4. No. of employees awarded major/ minor penalties	874	1248	1160	307
5. No. of employees dismissed/discharged/removed	312	360	301	78

[Translation]

Loan By LIC

93. SHRI VISHVESHWAR BHAGAT : Will the Minister of FINANCE be pleased to state :

(a) whether the loan amount provided by Life Insurance Corporation for various districts for water supply and sewerage disposal schemes is even below 50 per cent of the sanctioned cost due to the process adopted therefore;

(b) whether the LIC does not provide any loan to meet the increased cost of the said schemes;

(c) if so, whether the LIC will provide 70 percent amount of the sanctioned cost as loan in the cities having population of more than 20,000 for the water supply and sewerage disposal schemes; and

(d) if so, the details thereof ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) LIC adopts graded pattern of financing water supply and sewerage schemes depending upon the cost of the schemes. For the schemes costing upto Rs. 5 crores, LIC provides funds to the extent of 50% to 60% of the cost and, for schemes costing more than Rs. 5 crores, the LIC loan component will be reduced on graded basis and is below 50%. This pattern is adopted with a view to funding a large number of schemes.

(b) LIC's policy is to consider financing overrun only

upto 25% of the difference between the original and revised estimated cost. Such assistance is extended only once for any on-going project subject to the following conditions :

(i) The State Government should undertake to provide/arrange necessary funds for meeting the balance over-run in the cost.

(ii) the revised estimated cost is administratively approved by the State Government.

(c) and (d) the quantum of LIC loan for water supply and sewerage disposal schemes in cities having population more than 20,000 will depend upon the pattern of financing indicated above. The maximum loan admissible for Schemes costing upto Rs. 1.00 crore is 67% (in Urban areas) and 50% (in Rural areas) and for over Rs. 1.00 Crore, LIC loan will be on a reducing scale.

[English]

Economic Reforms

94. SHRI SONTOSH MOHAN DEV :
SHRI KACHARU BHAU RAUT :
SHRI R. SAMBASIVA RAO :

Will the Minister of FINANCE be pleased to state :

(a) whether he has recently stated that there was no economic reforms in the offing;

(b) if so, whether the Prime Minister pointed out that a package of economic measures will be announced before 30th January, 1997;

(c) if so, whether the latest statement made by him has created great resentment amongst the industry and in the market; and

(d) if so, the measures Government proposes to take to improve the economic reforms ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) No, Sir.

(b) On 31st December, 1996 the Prime Minister met with a cross section of industrialists and economists to exchange views on the economy. The Finance Minister, the Industry Minister, the Commerce Minister and the Deputy Chairman, Plannning Commission were present. At that meeting the Prime Minister indicated that Government would expedite decisions on long-standing policy issues and announce suitable policy measures in the month of January, 1997.

(c) Does not arise.

(d) Several policy measures have been recently announced by the Government in the area of foreign investment and development of infrastructure. These include expanding the list of industries eligible for automatic approval of foreign equity upto 51 per cent, announcement of 9 groups of industries for automatic approval of foreign equity upto 74 per cent. and announcing the first ever guidelines for consideration of foreign direct investment proposals by the Foreign Investment Promotion Board, which are not covered under the automatic route. Foreign Institutional Investors (FIIs) have been allowed to invest in corporate and debt funds, and the guidelines for the External Commercial Borrowings have been further liberalised.

Other policy measures include delicensing of consumer electronics, enhancement of investment ceilings for the small scale industries, deregulation of prices and distribution of D Grade of non-coking coal, hard coke and soft coke, allowing telecom projects to avail of tax holiday and concessional import duty, announcement of liberalised guidelines for private participation in ports and highways and announcing of Common Minimum Action Plan for Power.

Magisterial Powers to Income Tax Officers

95. SHRI BRIJ BHUSHAN TIWARI :
KUNWAR SARVARAJ SINGH :

Will the Minister of FINANCE be pleased to state :

(a) whether the Income Tax department have sought Magisterial power for Income Tax Officers to enable them to take suitable action during raids of Income Tax cases;

(b) if so, the action taken thereon;

(c) whether the Government propose to provide service revolver to Income Tax Officers for self defence; and

(d) if not, the reasons therefor ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) The matter was examined in consultation with Ministry of Home Affairs/Law who opined that the Magisterial Powers can not be conferred on the Income-tax Officials in view of the Constitutional constraint that 'Law and Order' is a State subject.

(c) and (d) No such proposal is being considered at present.

[Translation]

Seizure of Goods

96. DR. BALIRAM : Will the Minister of FINANCE be pleased to state :

(a) the details of the goods seized by the Customs and Central Excise in Metropolitan cities and also at international airports during the last three months;

(b) the value of the goods seized;

(c) the number of persons arrested in this regard; and

(d) the manner in which the Government dispose of the seized goods ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) During the three month period of November 1996 to January, 1997 contraband such as